

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – NOVEMBER 30, 2005

PRESENT: Chairman Anthony Maiola and Commissioner John Byrne; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Eddie Edwards, Chief of Enforcement; Steven Slovenski, Legal Counsel; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor, Administrative Services. **Guests:** Al Picconi, Southern Wine & Spirits of N.H., Inc.; Michael Goclowski, Law Warehouses.

EXCUSED: Commissioner Patricia Russell.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending November 27, 2005 increased by 8.93% or \$861,134, and also increased year-to-date by 4.88% or \$8,341,334.

B. Budget/Administrative Reports:

The completed Annual Report has been passed through the Commission and will be submitted to Governor and Council for the December 21st meeting. When approved, George will coordinate distribution of the report internally and to members of the Legislature.

Craig sent an e-mail to the other Bureau Chiefs yesterday relative to responding to the Governor's Office regarding energy costs and updated information, including a spreadsheet of anticipated surpluses. Some numbers may be revised over the next couple of weeks. Craig is looking for a sign off on this, particularly from Peter Engel, before it can be submitted to the Governor's Office this Friday. If anyone has questions, feel free to contact George. It is anticipated that the Commission will be able to meet any increases in costs through the end of FY 06.

The current W-6 Expense Budget Activity Variance Report shows that, as of November 29, 2005, the year is at around 41.6% expired, with total agency expenditures at about 40%. The utilities, benefits and travel accounts may hit deficits by the end of the year. Administrative Services and the Comptroller have been notified of these possible shortages.

A meeting was held with Howard and Store Operations to discuss licensee invoices and how to eliminate some of the paperwork. It was agreed to move forward as it is at this time. Howard remarked that information is now available electronically, and eliminating excess paper would free up some costs and allow the purchase of a cheaper printer, as a slip printer would no longer be needed. The new process could be implemented around June or July of 2006.

Craig announced that George will be out quite a bit in the future working with the ERP committee for the State.

2. IT Report

Howard reported there has been some discussion relative to new licensees being unable to obtain product immediately because pertinent information is not yet available in the stores. A mechanism is being created whereby stores can obtain the necessary information before the licensee arrives. Commissioner Byrne felt this process should be used in real time.

Problems with the Martignetti test of the Special Offers program have been resolved, and it will be tested today.

John Bunnell mentioned that a presentation was received from Griffin, Bodi and Krause relative to assuming e-mailing efforts. They have proposed taking over the work of Click RSVP and managing it themselves. John will come up with a recommendation and provide copies to the Commission for further discussion.

3. Human Resources Report

Evie reminded everyone to let Veronica know if they are interested in getting a flu shot next week.

II. MARKETING & SALES REPORTS

1. Store Operations:

Total store sales for the week ending 11/27/05 increased by 6.55% or \$318,340.89, making for a very strong Thanksgiving week.

Peter met with representatives of N.H. Stores regarding the on going Hampton project. They would like to see some signage out on the highway, but are running into some difficulties with the Department of Transportation. They are, however, very pleased with the current signs, flags and coupons.

2. Purchasing Report – No report given.

4. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Results (Code #5591):

It was moved by Commissioner Byrne seconded by Commissioner Maiola, that the Commission approve the delisting of Code #5591, Marie Brizard Manzanita Liqueur, 750ML size, as this item failed to achieve both the gross profits required for full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Results (Codes #3503, #3914 and #4867):

It was moved by Commissioner Byrne seconded by Commissioner Maiola, that the Commission approve the delisting of Code #3914, Stoli Raspberry Vodka, 375ML size, as this item failed to achieve the gross profit required for full distribution at the conclusion of a six-month test market period, approve specialty item status for Code #3503, Polar Ice Vodka, 1.75L size, as this item did achieve the gross profit required for specialty item consideration at the conclusion of a six-month test market period, and grant a three-month extension to the test market period for Code #4867, Allen's Coffee Brandy, 375ML size, which did exceed 85% of the full distribution gross profit requirement at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Request (Don Julio Anejo Tequila, 375ML):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Southern Wine and Spirits of N.E., Inc./Diageo North America for an added size listing for Don Julio Anejo Tequila, 375ML size (assigned new Code #3900), as this item in the 750ML size has exceeded the gross profit required for a size extension, as recommended by Richard Gerrish, Spirits Marketing Specialist, and

concurring by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Extension Request (Quintessential Gin, 1.75L):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the withdrawal from Horizon Beverage Company/Rock Distillers of an offer of a one-time purchase on Quintessential Gin, 1.75L size which was approved by the Commission on September 15, 2005, to be reconsidered at a later date. The motion was unanimously adopted.

4) Product Demo (Southern Comfort):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/Brown-Formation Corporation for permission to conduct non-alcoholic samplings featuring Southern Comfort in six selected stores on December 9, 10, 16 and 17, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurring by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) January Special Offer (1 item – Executive Wine & Spirits):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a special offer from Executive Wine & Spirits, based upon depletions of one (1) spirit item, to be featured on sale during January 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurring by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for January 2006:

a. 8 items – R.P. Imports:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from R.P. Imports, based upon depletions/special purchase allowances for eight (8) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurring by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 14 items – M.S. Walker of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from M.S. Walker, N.H., based upon depletions for fourteen (14) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 48 items – E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from E & J Gallo Winery, based upon depletions/special purchase allowances for forty-eight (48) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 49 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions/special purchase allowances for forty-nine (49) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 2 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Horizon Beverage Company, based upon depletions for two (2) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 5 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions for five (5) wine items, to

be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- g. 95 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions/special purchase allowances for ninety-five (95) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- h. 11 items – Southern Wine & Spirits of N.E.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Southern Wine & Spirits of New England, Inc., based upon depletions/special purchase allowances for eleven (11) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- i. 120 items – Southern Wine & Spirits of N.E.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Southern Wine & Spirits of New England, Inc., based upon depletions/special purchase allowances for one hundred twenty (120) wine items, to be featured on sale during January 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Dom Perignon Pricing: No action was taken on this item at this time.

- 3) Extension on the Purchase & Introduction of Chalone Vineyards:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Diageo Chateau & Estates to extend the purchase and introduction of four Chalone Vineyard wines until December 12, 2005,

as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Recommended Allocated Wines for Distribution to Selected Stores (18 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve eighteen (18) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

- 5) Recommended Allocated Wines (absolutes) for Distribution to Selected Stores (24 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve twenty-four (24) allocated wines (absolutes) for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

- 6) “R” Wines for Allocation to Licensees Selected by the Broker:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve five (5) restricted wines for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 7) Tabled Items:

- a. Appeal on Delist of Lancers Rose (10/19/05, Item B-6):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that this item be removed from the table and referred back to the Wine Marketing section. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report given.

IV. CHAIRMAN’S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed requests for bailment/transfers dated November 17 through November 30, 2005. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of December 2005. The motion was unanimously adopted.

3. Late Items/Other:

a. Store #28 – Seabrook Beach – Winter Hours of Operation
Recommendation:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the seasonal reduction of store hours at Store #28, Seabrook Beach, effective Monday, January 2 through Sunday, May 14, 2006, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. January E-mail Coupon:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Southern Wine and Spirits of N.E., Inc./Diageo North America to utilize an e-mail coupon during the month of January for Code #4368, Captain Morgan Private Stock, 1.75L, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. January E-mail Alert Coupon:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Southern Wine and Spirits of N.E., Inc./Ravenswood Winery to utilize an e-mail coupon during the month of January for nine Ravenswood wine codes, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. New Hampshire State Liquor Commission Wine Tastings:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve wine tasting recommendations offered by Griffin, Bodi & Krause regarding wine tasting changes and new policy for the calendar year 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

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